

AEP GUIDE: MEDICARE ANNUAL ELECTION PERIOD



Table of Contents

Medicare Overview

—Page 3—

Key Terms and Definitions

—Page 4—

What can I do during the Annual Election Period (AEP)?

—Page 6—

7 Questions to Ask During AEP

—Page 8—

Medicare AEP Checklist

—Page 11—

3 Steps to Take During AEP

—Page 12—

What to Look For in an Insurance Company

—Page 14—

Additional Resources and Sources

—Page 17—

Medicare Overview

Medicare has many different parts that work together. All the moving pieces can make it tricky to understand. Don't worry, we've provided a refresher with helpful graphics.

Original Medicare

Original Medicare is managed by the federal government. It is made up of two parts: Part A coverage includes hospital stays and some home health care.

Part B covers things like preventive care, mental health, and medically necessary care.

You can visit any doctor in the United States that accepts Medicare.

Add-on Plans

Original Medicare does not have limits on out-of-pocket costs. It does not cover prescriptions, dental, hearing, vision, or medical care while traveling abroad.

You can purchase separate plans from private insurers to get these services covered.

You can buy Medigap, Part D prescription drug, dental, vision, or hearing plans.

—OR—

Medicare Advantage (aka Part C)

Private insurers manage Medicare Advantage plans. These plans cover the same services Original Medicare does. Many plans also include qualifying prescription drug coverage, so you don't have to buy a separate Part D plan.

These plans also include extra coverage and perks like fitness programs, dental, vision, and hearing. These benefits vary by provider and plan.

You are usually restricted to doctors and specialists in the plan's network. Plans have deductibles and out-of-pocket limits that help control your health costs.

Key Terms and Definitions

General Terms

Copay: Set amounts you pay out-of-pocket for the services you receive.

Coinsurance: Set percentages of the cost of the services you receive.

Deductible: The amount you pay before your insurance plan starts paying some of your costs.

Drug formulary: The list of prescription drugs your plan covers.

Out-of-pocket costs: What you pay for the health care services you receive.

Out-of-pocket limit: The most you'll pay out-of-pocket under a given plan.

Original Medicare does not have out-of-pocket limits.

Premium: The monthly fee for participating in a Medicare plan.

Tiers: How prescription drugs are categorized on the drug formulary. Each tier has different rules for cost-sharing between you and the insurer.

Medicare Terms

Annual Notice of Change (ANoC): A letter you receive in September with information on how your current Medicare plans are changing for the following year.

Coverage Gap: Also called the donut hole. When your insurer has hit its limit for cost-sharing on your prescriptions, you make additional out-of-pocket payments for your medications until the coverage gap is closed.

Durable Medical Equipment (DME): Medicare has a list of equipment that it covers. Examples include walkers, blood sugar monitors, and oxygen equipment.

Medicare Plans

Medicare Advantage: Offers hospital, medical, and often qualifying prescription drug coverage under one plan. These plans often include additional coverage and perks. Private insurers manage these plans, but Medicare approves them.

Medigap: Also called Medicare supplemental insurance. These plans help offset the out-of-pocket expenses of Original Medicare. Some plans have out-of-pocket limits. Some plans offer medical coverage abroad.

Original Medicare: Offers hospital and medical insurance through the initial parts of Medicare Part A and Part B. It is managed by the Centers for Medicare Services. Enrollment is managed through Social Security.

Part A: Inpatient coverage also known as hospital insurance. Its coverage includes hospital stays, some skilled nursing facility stays, and hospice.

Part B: Outpatient coverage also known as medical insurance. Its coverage includes preventive and mental health care, medically necessary treatments, and Durable Medical Equipment (DME).

Part C: Medicare Advantage plans. See the Medicare Advantage plan definition for more details.

Part D: Prescription Drug Plans (PDPs). These plans are offered by private insurers to people with Original Medicare.

What can I do during the Annual Election Period (AEP)?

During the Medicare Annual Election Period, you can make multiple changes to your coverage, which is not the case for all enrollment periods.

The changes you can make during AEP include:

- Switching from Medicare to a Medicare Advantage Plan
- Swapping one Medicare Advantage Plan for another
- Disenrolling from a Medicare Advantage Plan and enrolling in Original Medicare
- If switching back to Original Medicare, you'll also have the option to enroll in a Medigap plan
- Signing up for a prescription plan through Part D
- If already enrolled in Part D, you can change from one plan to another
- Canceling your Part D coverage altogether

Any changes you make during the Medicare Annual Enrollment Period will take effect on January 1st the following year.

Since Medicare Advantage and Part D benefits change each year, your premiums can increase, and your benefits may change. You'll receive an Annual Notice of Change (ANoC) in September from your plan carrier that will explain any changes happening to your current policy that will take effect the following year.

If you're unhappy with the changes shown in your ANoC, you can make changes during the AEP. If you're satisfied with the changes, there's nothing you need to do as your coverage will renew automatically.

Why might I want to change Medicare plans?

Some common reasons you may want to change your coverage include:

- There is a significant increase in premiums or deductibles.
- Doctors of choice are no longer in-network under your current Medicare Advantage plan.
- Your medication is no longer included on the list of covered drugs under your plan's drug formulary.
- You need a new plan that offers a better value or offers more comprehensive coverage.

7 Questions to Ask During AEP

1. Did my monthly premiums increase?

Compare your current plan premium to the premium amount shown on your ANoC. If your premium is increasing significantly, that's typically a good sign that it's time for a change.

2. Are my medications still listed on my drug formulary?

Each year there is a chance that changes will be made to your drug formulary, the pricing tiers that medications are placed in, or the copays required for various types of prescriptions.

Additionally, now that some Medicare Advantage prescription drug plans require prior authorization for select pricey brand-name drugs, it can become more difficult to get them covered by your plan.

You'll want to find out if your current prescription plan will cover your current medications in the upcoming year, and how much you'll pay for them. If you take expensive medications, it's a good idea to explore other prescription plans available in your area to see if they have lower copays.

3. Is my doctor still in my plan's provider network?

Since Medicare Advantage plans' network of doctors can change each year, it's important to confirm that your current doctors will still be covered the following year. If they are not, you may want to consider changing providers or your plan altogether since you'll be paying much higher out-of-pocket costs to stay with the same doctors on your current plan.

Another option to consider is to switch back to Original Medicare and enroll in a Medigap and a prescription drug plan since there are no provider networks. Keep in mind you'll likely have to answer questions about your health to enroll.

4. What are my predicted annual medical costs?

Put together a list of expected doctor visits and procedures you'll need over the next year and estimate what that will cost out of pocket with your current Medicare plan.

Then, add in what you'll pay in premiums and that will give you an accurate estimate of your healthcare costs. This is a good exercise to do with the alternative Medicare plans you're considering in order to compare total expected costs.



5. Do I plan on traveling this year?

If you travel frequently, you may want to delay enrolling in a plan until you are settled at your primary residence and ensure your plan has providers and pharmacies near where you live. If you live in two places or plan to travel out of state, consider a plan with a nationwide network, or go with Original Medicare, which does not have provider networks.

6. Does my coverage include vision, dental, and hearing benefits?

Medicare doesn't cover routine dental, vision, and hearing services, but some Medicare Advantage plans do. Another option is enrolling in a stand-alone dental, vision, or hearing plan to add on to your Original Medicare and/or Medigap benefits to give you additional coverage.

7. What are my current plan ratings?

The Centers for Medicare and Medicaid Services has a star rating system to help consumers compare Medicare plans. Medicare Advantage (Part C) and prescription drug plans (Part D) receive an overall star rating of one to five stars based on factors including customer service, member experience, and member complaints.

Medicare Advantage plans are also rated on chronic condition management and preventative care to help people stay healthy. If your current plan has a low rating, it may be time to consider a plan with a higher rating.



Medicare AEP Checklist

- Check eligibility to make changes
- Read your Annual Notice of Change (ANoC)
- Look for your medications on your plan's drug formulary
- Double-check your plan's provider network for your doctor
- Assess your Medicare plans in terms of your current health and financial needs
- Contact an insurance agent to compare plans for next year

3 Steps to Take During AEP

Step 1: Make sure you are eligible to make coverage changes

1. There are many different enrollment periods for Medicare, which gets a little confusing. It's important to understand what you can and cannot do during each enrollment window to avoid making a mistake that could negatively impact your Medicare benefits long-term.
2. If you're newly eligible for Medicare, or delayed coverage for one reason or another, and are not yet signed up for Part A and Part B, this is NOT the enrollment period for you.
3. You won't be eligible to make changes at this time unless you're within your Initial Enrollment Period or are eligible for a Special Enrollment Period. You'll need to wait until the General Enrollment Period to enroll in Original Medicare.

Step 2: Decide if your current coverage is what you want

1. Take a deeper look into the coverage you currently have and how it measures up to your health situation and consider what benefits you currently get the most use out of. Then, identify how you may be able to supplement or reduce your total out of pocket costs with an alternative plan/s. For example, you may find you never used the SilverSneakers benefit included in your Part D plan that you thought was so great. You can save a few dollars in monthly premiums by switching to another Part D plan that doesn't include a gym membership.

2. One of the more common complaints we hear is how the dental benefits included in some Medicare Advantage plans are not as comprehensive as initially thought. If you end up spending more out of pocket in cost-sharing than you'd like when using them, you may want to consider disenrolling in your Advantage coverage and enrolling in a Medigap plan as well as a stand-alone dental plan.

Step 3: Contact an agent to compare plans for next year

1. This is one of the most important steps. When working with an agent to help you compare plans, you may be able to find a plan with a lower premium for the same benefits or a plan with more benefits for the same monthly premium you're paying now. More often than not, there's an opportunity to save money, and every penny counts!

What to Look for in a Medicare Insurance Company

Good Medicare companies are financially strong and have good reputations. Many companies that offer Medicare are well-known health insurers or life insurers with long stable histories.

You can also use customer reviews to get a better sense of a company's recent reputation and gain insight into the customer experience. We'll highlight customer reviews and statistics from six health insurance companies in this section.

As important as it is to choose a good insurance company, remember to choose the insurer with the plan that best meets your needs.

"I have Humana Medicare Advantage and I absolutely love it. No copays for anything."

— Alicia Carlile
2018 5-Star Review

Humana

#1 BestCompany.com Rank

8.7/10 BestCompany.com Overall Score

2.7/5 BestCompany.com User Star Rating

Based on 12 user reviews, the total number of Humana Medicare reviews as of August 26, 2020.

Cigna

#2 BestCompany.com Rank

8.6/10 BestCompany.com Overall Score

3.3/5 BestCompany.com User Star Rating

Based on 10 user reviews, the total number of Cigna Medicare reviews as of August 26, 2020.

Anthem

None BestCompany.com Rank

None BestCompany.com Overall Score

1.3/5 BestCompany.com User Star Rating

Based on 8 user reviews, the total number of Anthem Medicare reviews as of August 26, 2020.

"I currently have Aetna Medicare for my health insurance. When I was trying to decide which Medicare plan is right for me, Aetna gave me a comparison in plans and helped me out so much. I knew I was picking the right plan because of the customer service I received. There are so many questions and they were very patient with me and helpful."

— Kristin Gneiting
2019 5-Star review

Aetna

#3 BestCompany.com Rank

8.5/10 BestCompany.com Overall Score

2.0/5 BestCompany.com User Star Rating

Based on 13 user reviews, the total number of Aetna Medicare reviews as of August 26, 2020.

"I have used this healthcare insurance provider through my Medicare program. They offer many options, resources and opportunities to complete my healthcare requirements. They are honest, efficient and very professional. I am happy with their products and personal care."

— Dan Mackintosh
2020 5-Star Review

UnitedHealthcare

None BestCompany.com Rank

None BestCompany.com Overall Score

3.3/5 BestCompany.com User Star Rating

Based on 9 user reviews, the total number of UnitedHealthcare Medicare reviews as of August 26, 2020.

BlueCross BlueShield

None BestCompany.com Rank

None BestCompany.com Overall Score

2.9/5 BestCompany.com User Star Rating

Based on 8 user reviews, the total number of BlueCross BlueShield Medicare reviews as of August 26, 2020.

"I have Medicare and a Blue Cross Regence Supplement. I have enjoyed their service for over 40 years. I have called in a few times and they have an excellent caring staff who try to answer every question. I am glad I have a policy with Regence."

— GrandpaRod
2020 5-Star Review

Additional Resources

Use the clickable bullet points to visit each page.

- [Medicare.gov](#)
- [CMS.gov](#)
- [MedicareFAQ FAQs](#)
- [MedicareFAQ YouTube Channel](#)
- [Medicare Community Facebook Group](#)
- [BestCompany.com Blog](#)
- [Best Medicare Companies List](#)

Sources

- [Medicare Annual Enrollment Period](#)
- [Medicare Open Enrollment Period](#)
- [Medicare Enrollment Periods](#)
- [Medicare Annual Notice of Change](#)
- [Letter](#)
- [Part D Formulary](#)
- [Medicare Advantage Prescription](#)
- [Drug Plans](#)
- [Medicare Prior Authorization](#)
- [Explained](#)
- [Medigap Plans](#)
- [New To Medicare? Start Here!](#)
- [Medicare Part A](#)
- [Medicare Part B](#)
- [What is the Initial Enrollment Period](#)
- [for Medicare](#)
- [Medicare Special Enrollment Periods](#)
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- [BestCompany.com Aetna Profile](#)
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- [Profile](#)
- [What Are the Parts of Medicare?](#)
- [\[Infographic\]](#)